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APPLE GROWERS' FUTURE
UPSWING IN OUTPUT, SHIFT TO WEST

Horace Greeley's admonition to the young men of his era might also be applied to the young apple growers, packers, and processors of today. Apple production has been shifting westward and the trend is likely to continue. Recent apple tree surveys indicated that the Western States have the highest percentage of young trees, the Central States the next highest proportion, and the Eastern States the smallest percentage.

However, a shift in the location of output isn't the only change in store for the apple industry. Some of the other prospects are for production to gain faster than population growth, more emphasis to be placed on highly colored varieties and strains, substantial numbers of dwarf-type trees to be planted, and a larger share of the annual crop to be processed.

Apple production in the U.S. has been increasing since the early 1950's. This upward trend follows a decade of little change and two preceding decades of decline. USDA economists figure that commercial apple production could be up to 155 million bushels by 1970, assuming favorable weather. (The 1964 crop totaled 139 million bushels.) With not-so-favorable weather, the 1970 crop might range down to 135 million bushels.

Washington, the State that generally has the largest apple crop, is likely to be even further out in front of other States in 1970. Output for Washington State probably will fall within the range of 33 to 48 million bushels. Output in 1964 totaled 25.5 million bushels. Oregon and Idaho are also likely to show large gains in their apple crops within the next 5 years. Michigan, New York, and several Appalachian States should be in for some increase as well.

At the 155-million-bushel estimate, the 1970 apple crop would be 52 percent above the 1952–55 average (when the current upswing in the crop began). The 1970 estimate of the U.S. population is 209 million, a gain of 30 percent over 1952–55. So, consumers will have

about 6 more pounds of apples to eat than the 30 pounds apiece that were produced in the early 1950's.

Plantings of new apple trees during the 1950's and early 1960's included large numbers of the red or relatively highly colored varieties and strains, such as Red Delicious and Red Rome. Plantings of Golden Delicious also were heavy. Many of the new Red Delicious and Golden Delicious trees were set out in the Western States.

The influence of the shift in kinds of apples planted has already begun to show up in recent crops. During 1964, Red Delicious accounted for over 24 percent of the total crop compared with 22 percent in 1958–62. McIntosh was in second place with 13 percent but its share of production had slipped a little. Golden Delicious moved into third place with 8 percent; it had been in sixth position in the earlier period. Red Rome continued to occupy fourth place with Jonathan coming in fifth again and Winesap in sixth (down from third place in 1958–62).

Since 1959, dwarf and semi-dwarf trees have accounted for a third of all new plantings. However, because they were so recently introduced, they still make up only 5 percent of all apple trees in commercial orchards. The advantages of dwarf trees are twofold—they start bearing earlier than standard types and they are expected to have a greater production potential per acre.

Apples used for processing increased from about 25 million bushels in 1952 to about 46 million in recent years. The proportion of the total crop processed has gone from 26 to 39 percent in the last 12 years. Assuming a 1970 crop of 155 million bushels allows about 20 percent more apples per person than in 1952–55. So, it is likely that many of the extra apples will be processed.

Ben H. Pubols
Economic Research Service

FRUIT FACTS

To most of us, noncitrus fruits and berries are a snack, topping for our breakfast cereal, or dessert after a main meal. To the growers of these crops, noncitrus fruits and berries are a major (and sometimes only) source of farm income.

During 1964, the value of sales of 16 noncitrus fruits came to $890.5 million. Total production was over 10.9 million tons. In 1963, growers produced 10.2 million tons of noncitrus fruits; their value of sales was $813.8 million.

Apples were easily the leading noncitrus fruit in terms of value last year. Sales were worth $236.2 million. Grapes were next at $196.1 million, followed by peaches, $149.2 million, pears, $51.8 million, prunes, $45.5 million, apricots, $24.9 million, sweet cherries, $24.0 million, and sour cherries, $15.3 million.

Apple production during 1964 was nearly 11 percent above 1963. Output of grapes dropped 8 percent from a year earlier while the peach crop rose less than 1 percent. Pear production last year totaled 55 percent over 1963 and prune output was up 39 percent. The sweet cherry crop increased 70 percent, the apricot harvest rose 11 percent, and output of sour cherries was more than three times as large as the short crop a year earlier.

Other items included in the noncitrus fruit totals are avocados, cranberries, dates (California), figs (California), nectarines, olives, persimmons, plums, and pomegranates.

Cane and bushberry estimates are incomplete for the United States and therefore not included in noncitrus totals.

Earl L. Park
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PLUM AND PRUNE PRODUCTION

What fruit is grown in all the States but Alaska? Apples? True—but this time we've plums and prunes in mind.

Although plums and prunes are grown in 49 of the 50 States, commercial production is located largely in California, Oregon, Washington, Idaho, and Michigan. California is by far the leader for both fresh plums and dried prunes.

Total plum and prune production in the 5 commercial States declined from an average of about 800,000 tons (fresh basis) in 1935–39 to an average of 530,000 tons in 1960–64. Most of the reduction has been in California prunes used for drying. Output of fresh plums in California and of all varieties in Michigan has gained sharply, offsetting some of the overall decline. Production of the fresh fruit in California can be expected to continue above the level of the early 1960's for several years, assuming generally favorable weather. The Michigan crop is also likely to increase further. No great change is expected in output in the Pacific Northwest.

The commercial plum and prune growing areas tend to specialize in the varieties they produce. In California, the Santa Rosa is the leading fresh plum and the French Petite is the number-one prune for drying. In the Pacific Northwest, Italian prunes account for the major share of the crop. And in Michigan, the Stanley is the principal variety. However, some newer fresh plum varieties are rapidly taking over some of the Santa Rosa's share of the California crop and early Italian prunes are challenging the Italian type in the Pacific Northwest.

The gain in production of fresh plums in California is shifting the emphasis to such use of the crop. In Michigan, more and more of the crop is going to processors rather than to the fresh market. Both fresh and processing uses of Pacific Northwest plums and prunes are down but fresh marketings are taking a larger share of total output.

Per capita consumption of fresh and processed plums and prunes (fresh basis) has slipped from about 8 pounds in the late 1930's to a little more than 4 pounds currently. Use of both the fresh and the dried fruit has dropped sharply. However, consumption of canned and frozen plums and prunes has declined less markedly and use of juice (made from dried prunes) has increased severalfold to become the principal form marketed.

Ben H. Pubols
Economic Research Service

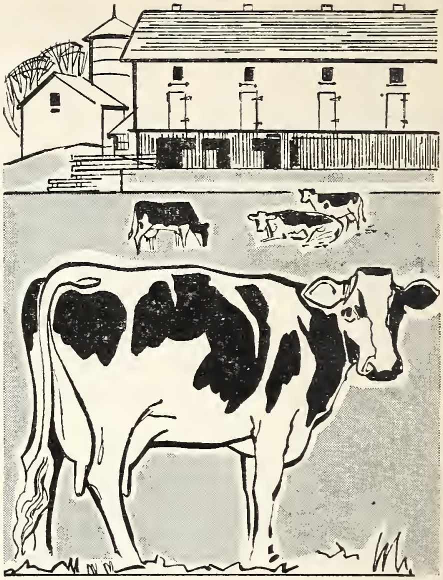
Learn to Humor Other Men's Wives

The "hand that rocks the cradle" is also the one that, directly and indirectly, controls the income on many farms. The average housewife shopping for food is about as picky as picky can be, but then you expect your wife to be particular about what goes on your plate, too. So, it may pay you in the long run to observe what your wife and her counterparts like and dislike when they visit the supermarket or neighborhood foodstore.

To start you off, here are some of the results of a recent SRS survey on housewives' use of and opinions about certain fruits and fruit products. Almost 2,500 women were interviewed in this study. Nearly all of them had served their families some fresh and canned fruit during the 12 months preceding the interviews. Most reported buying fresh bananas, apples, oranges, grapes, peaches, and canned pineapple, peaches, and fruit cocktail at least once during the year. Most homemakers who purchased apples, bananas, grapes, and peaches thought they were using as much or more of these fruits, compared to 5 years earlier.

About half of the women thought stores should display higher quality fruit and about one in four felt store displays could be made more attractive or that prices should be lower. More still preferred to buy fresh fruit loose so that they could select the number and size themselves and see that none were bruised or spoiled.

NEW MILK PRODUCT TO HELP REGAIN LOSS IN MARKET



Call it low-fat milk, 2 percent milk, skimmed milk product, 2 percent B.F. skimmed milk, fortified skim, 2 percent fortified skim, low-fat skim, 2 percent modified skim, or any one of dozens of trade names, it's all fluid milk with only 2 percent butterfat instead of the usual 3.25 percent or more butterfat in whole milk.

A relatively new product, low-fat milk was introduced in a few urban areas during the late 1940's. The market for such a product arose because of widespread interest in dieting and weight control. Although skim milk has long been suggested for dieters and weight-watchers, many have objected to it because of taste and consistency. So, low-fat milk was introduced as a compromise between the drawbacks to skim milk and the extra calories in whole milk.

By the end of 1963, sales of low-fat milk had risen to an estimated 620 million quarts. If gains in consumption continue at the rate of the past several years, sales of low-fat milk could reach 1.8 billion quarts by 1970. The question is—what effect will this development have on total sales of fluid milk products.

The answer is: No measurable gain. As researchers see it, low-fat milk will help to bolster fluid milk sales by partially offsetting the decline in per capita use of whole milk. Fluid milk sales are expected to continue to increase, but not as fast as the population will rise. So, per capita use of milk may remain about the same or continue to slip a little while more of each person's share will likely be low-fat products in place of whole or skim milks.

These trends are indicated by what has happened in the recent past. Per capita consumption of fluid whole milk was 270 pounds in 1963—down 8.5 percent from the 295 pounds used in 1956. At the same time, use of skim milk products per person rose 42 percent—from 20.6 pounds in 1956 to 27.2 pounds in 1963. The U.S. population gained another 14 million persons, or 8.5 percent, during this 7-year period.

The effect on producers' returns will be directly proportional to the shift in the quantities of market milk going into low-fat milk that formerly went into either whole or skim milk. Returns are highest when market milk is used in whole milk and lowest when it is used in skim. Low-fat milk returns are in between. So, producers' returns from low-fat milk will be slightly higher than they would be for skim milk but less than if they would be for whole milk.

Some background was developed on the use of low-fat and other fluid milk products, and the characteristics of families who buy these foods, in a survey of households in Milwaukee and New Orleans. Close to 500 persons were interviewed in each city.

Fifty-four percent of the low fat milk-users in Milwaukee and 43 percent in New Orleans considered low-fat milk to be a replacement for other milks, generally whole milk. The remaining people interviewed said the low-fat milk

they bought was in addition to the amount of milk they were already using.

If low-fat milk was removed from the market, most users said they would buy more whole or skim milk instead. Many also said they would buy the same amount of whole or skim milk as they had the low-fat product. Roughly 3 percent reported they wouldn't buy fluid milk at all if the low-fat product was no longer available.

The prices consumers were paying for low-fat milk, either with or without additional solids-not-fat, were usually lower than those for whole milk regardless of whether the product was delivered to the house or purchased at a retail store. On the other hand, low-fat milk prices were somewhat above those for skim milk.

Prices apparently weren't important for many users in Milwaukee and New Orleans because they often weren't sure how much they paid for different milk products.

Families with relatively higher incomes and levels of education were found to be most likely to use low-fat milk. They generally had first heard about it from relatives and friends or from their doctors.

Eighty-four percent of all families using low-fat milk contained dieters or weight-watchers. About half of the families who weren't using low-fat milk had members who were on some sort of diet.

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MILK SHIPMENTS
Match Surpluses With Deficits

What happens when producers in a given marketing area produce too much or too little grade A milk? If too much milk is the case, it may be shipped considerable distances to deficit areas. If too little milk is supplied, buyers for milk plants may go hundreds of miles to find enough to meet local demand.

The Midwest is generally the region with large supplies of excess grade A milk. The Southeast and Southwest are usually the areas that run short of milk, particularly during the fall and winter months. To get some idea of milk shipping practices, USDA specialists interviewed 19 buyers of bulk milk in 6 southeastern and 6 southwestern markets. These buyers were regular handlers of grade A fluid milk shipped from other markets. A survey also was made of 12 large milk shippers, 10 of them in midwestern States.

Five of the buyers interviewed bought milk from sources outside their local market every month of the year. They obtained milk from as many as 30 different suppliers, mostly cooperatives. Five others bought each year on a seasonal basis, generally from September through February. The remaining 9 buyers shopped for milk elsewhere on a spot basis during fall and winter.

Fifteen of the 19 buyers said their major reason for purchasing milk in other markets was a shortage locally. The other 4 buyers bought milk outside their own market primarily because prices were lower in other localities. The milk was bought on the basis of weight and butterfat test. The price was usually f.o.b. the buyer's plant with the seller arranging transportation. The milk was shipped via contract haulers.

Some buyers, usually those with military contracts, indicated that they preferred the flexibility of outside milk purchasing. They wanted to avoid building up a local supply that might become a surplus if their contracts were lost. Other buyers said they would rather make seasonal purchases outside than encourage local surpluses during peak production months.

All of the sellers interviewed were cooperatives receiving grade A milk. The sellers generally gained from $0.50 to $1.75 per hundredweight by selling their surpluses to buyers in other markets rather than letting the extra milk go to manufacturing outlets.

Dale H. Carley
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FLUID MILK SALES Rise in 1964

Sales of fluid milk products racked up a new record last year—57 billion pounds (product weight), 2 percent higher than in 1963. Sales of all fluid products averaged 308 pounds per capita in 1964, 1 pound higher than a year earlier but well below the 325-pound record in 1956.

Per capita sales of fluid products were higher last year compared with 1963 because an increase in skim milk sales more than offset the decline in purchases of fluid milk and cream. (Skim milk items include plain skim milk, skim milk with added solids, low-fat or 2 percent milk, buttermilk, and flavored milk drinks. Cream items include milk and cream mixtures such as half-and-half, light cream, heavy cream, sour cream, and eggnog.)

The rise in skim milk sales relative to fluid milk and cream caused a sharp drop in the percentage of milkfat in all fluid products last year. The milkfat test of producer milk also declined, but by a smaller amount.

Sales of skim milk items alone averaged 32.1 pounds per person during 1964, more than double the amount sold in 1950. Sales of plain skim milk and skim milk with added solids gained the most. In 11 major markets, the retail store price of skim milk in 1964 averaged 3.5 cents per half-gallon less than the same quantity of whole milk.

On a milk equivalent basis, per capita sales of all fluid products was lower in 1964 than in 1963 in 41 of the 78 Federal and State marketing areas reporting such data. Six areas reported no change in per capita sales from a year earlier while 31 areas had higher averages. Per capita sales ranged from 398 pounds in Cedar Rapids and Iowa City to 164 pounds in South Carolina. (The national average sales in milk equivalent was 299 pounds per person.)

Per capita sales of whole milk products alone was lower last year compared with 1963 levels in 42 of the 79 marketing areas while use of skim milk increased in 74 areas. Cream sales per person was less than a year earlier in 50 out of 78 markets reporting.

Anthony G. Mathis
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The Disposables . . .

When fluid milk products are sold at wholesale and at retail, the paper half-gallon is by far the most common container. A survey of 68 Federal order markets in November 1963 revealed that 63.8 percent of the fluid milk products sold were in paper containers—and 40 percent were sold in paper half-gallons.

About 87 percent of total fluid sales in these markets was whole milk, 10 percent was skim milk, 2 percent mixtures, and 1 percent cream. Paper containers of all sizes were used for 62 percent of the whole milk, 73 percent of the skim milk products, 86 percent of the milk and cream mixtures, and 77 percent of the cream products.

FEED CONCENTRATES

The value of grain and concentrates fed to milk cows averaged $3.01 per 100 pounds last year, unchanged from 1963. The milk-feed price ratio averaged 1.38, about 1 percent more favorable to producers than the average for 1963. The ratio was slightly above a year earlier for all months of 1964 except May (which was unchanged).

Grain and concentrates fed on farms where milk or cream was sold averaged 35.9 pounds per 100 pounds of milk produced during 1964. The seasonal peak came in December with 40 pounds; the seasonal low was in June with 29 pounds.

Corn represented 38 percent of the total grain and concentrates fed—the largest single ingredient. Oats accounted for 15 percent while barley, sorghum, wheat bran, and soybeans or soybean meal each represented 2 percent. Wheat, cottonseed meal, cottonseed, dried beet pulp, and dried citrus pulp each accounted for less than 1 percent. Commercial mixed feeds made up one-third of the total concentrate ration.

Forty-five percent of the total concentrates fed to milk cows during 1964 was home-grown grain, about the same as a year earlier. About 78 percent of the corn was home-produced.

DAIRY RETURNS VARY WIDELY

Net farm incomes in 1964 on typical dairy farms in the Central Northeast and Midwest ranged from 9 percent higher than in 1963 on eastern Wisconsin grade-A operations to 41 percent lower on western Wisconsin grade-B units.

Milk production increased on all five types of farms, but substantial declines in grain and hay crops, largely because of drought, were primarily responsible for lower incomes on western Wisconsin and southeastern Minnesota farms. Prices received in 1964 were unchanged to 3 percent greater, mainly because of higher prices for milk. Prices paid for production items were about the same as a year earlier.

Central Northeast: Net farm income on typical dairy farms in this area was $4,178 per farm in 1964, slightly higher than in 1963.

Eastern Wisconsin, grade-A: Net incomes averaged $6,541, up nearly 9 percent from 1963. Eastern Wisconsin, grade-B: Net returns averaged $3,332, up only slightly.

Western Wisconsin, grade-B: Net income was an estimated $2,837, a drop of about 41 percent from 1963 and the lowest return since 1955.

Southeastern Minnesota, Dairy-Hog: Net returns were $3,904 per farm, a cut of 14 percent from 1963.

COTTON PROGRAM SIGN-UP
Reduces Planted Acreage 4 Percent

Cotton planted in the United States this year is estimated at 14.2 million acres, 4 percent less than in 1964 and 11 percent less than the 1959–63 average, according to the July 1 cotton production report.

Heavier participation in the domestic allotment program than last year and a reduction in the allotment of American-Egyptian cotton account for the decrease in acreage. The upland cotton allotment of 16.2 million acres is the same as in 1964. The signup by upland growers to limit plantings to 65 percent of their allotments under the Domestic Allotment Program was heaviest this year in the Southeastern States and Oklahoma and moderate in all other States except California where participation was light.

Total cotton acreage for 1965 in leading States is: Texas, 5.8 million, 94 percent of 1964 acreage; Mississippi, 1.5 million, 99 percent; and Arkansas, 1.2 million, 97 percent.

Plantings of American-Egyptian cotton totaled about 76,100 acres in 1965, only 69 percent of the 1964 figure. Plantings by States are: Arizona, 33,000; Texas, 27,000; New Mexico, 15,600; and California, 500.

In the eastern and central cotton belts, plantings were delayed by cool, wet weather, followed by limited rainfall in May which necessitated a good deal of replanting. An excess of rainfall in June hindered cultivation and increased insect infestation in many areas. But weather late in the month was favorable and the crop was making good progress as of July 1.

In Texas, July 1 crop prospects were very good in the lower valley and in the coastal bend. Cool weather in Oklahoma delayed planting and heavy rains caused considerable replanting in some sections. The New Mexico crop was making excellent progress but unfavorable conditions put the Arizona and California crops 2 to 3 weeks behind schedule.

John J. Morgan
Statistical Reporting Service

ag outlook

Based on Information Available on August 10, 1965

FARM INCOME

Realized net farm income in January–June 1965 was estimated at a seasonally adjusted annual rate of $13.8 billion—fully a billion dollars above the rate in the first half of 1964. Rising farm prices in April, May, and June this year, particularly for meat animals, were the major factor brightening the farm income picture for 1965. With harvest prospects generally favorable, according to the August crop report, realized net farm income in 1965 may well turn out the highest since 1953. However, prices likely will ease off during the second half of the year.

Realized gross farm income in the first half of 1965 was more than $43 billion, seasonally adjusted annual rate, 3 percent above a year ago. Cash receipts from farm marketings and Government payments to farmers were both at a higher rate than a year earlier.

PRODUCTION EXPENSES

Farm expenses also rose during January–June, but not as fast as realized gross income. At seasonally adjusted annual rates, expenses through June this year were estimated at $29.8 billion, some $400 million more than in the first half of 1964. Prices paid for production items, interest, taxes, and wage rates were 2.5 percent higher in January–June this year than a year ago. Prices for feeder cattle have risen sharply in recent months, and purchased feed prices have also moved well above 1964 levels.

CATTLE AND HOG SLAUGHTER

In contrast to 1964, cattle slaughter this fall and winter will reflect the effects of better grazing conditions and higher calf prices. Grazing is good nearly everywhere except in the Northeast. Calf prices increased this past spring and are maintaining their strength through the summer months in contrast to falling prices in 1964. Contracts for fall delivery of feeders call for substantially higher prices than in

1964. Therefore, liquidation probably won't be a factor in determining the volume of slaughter supplies in coming months. However, beef production, especially fed beef, is expected to hold above year-earlier levels through the end of the year.

Hog slaughter through midyear was down 9 percent from a year earlier, and is expected to be down this much or more through the end of the year. Such a reduction would drop 1965 slaughter to the lowest level since 1958. Prices received by farmers for hogs so far in 1965 have responded sharply to the reductions in slaughter supplies. Second half 1965 prices are expected to remain well above last July–December.

COTTON DISAPPEARANCE

Disappearance of upland cotton during the 1965–66 crop year is estimated at 13.5 million bales, 0.4 million more than that estimated for 1964–65. A slight rise is expected in mill use during the current year, and exports may also gain a little over last season. The 1965 crop of all cotton is estimated at 14.9 million bales, 1.7 percent below the 15.2 million produced last season but 1.7 percent above the 1959–63 average.

FALL POTATO CROP

Fall production of potatoes is forecast at 206 million hundredweight, up 20 percent from 1964. Acreage for fall harvest is 8 percent larger than a year ago. The fall crop is by far the most important of the seasonal crops and normally accounts for about 70 percent of total output. In addition to supplying trade needs through the fall, a large portion of the fall crop is stored for marketing through the winter and spring.

RECORD FARM MORTGAGE VOLUME

If you own your farm, it's probably your most valuable asset. And with farmland as costly as it is nowadays, it's not surprising that the volume of new farm mortgages closed by (including increases in existing loans) the Federal land banks, 20 major life insurance companies, and the Farmers Home Administration (direct loans only) reached $2 billion during 1964. This was 24 percent above the 1963 level.

The gain in loan volume varied considerably for the three lenders—Federal land bank mortgages were up 34 percent from 1963, the life insurance companies reported an overall rise of 18 percent, while FHA (direct farm ownership and rural housing loans) dropped 2 percent from the previous year.

Interest rates on new farm mortgage loans remained practically unchanged last year. Three-fourths of the Federal land banks continued to charge 5.5 percent. Interest rates on life insurance company loan commitments averaged 5.7 percent, nearly the same as a year earlier. FHA rates remained at the statutory limit of 5 percent for direct farm ownership loans and 4 percent for rural housing loans.

Repayments in 1964 reached $1 billion for the 3 lenders, up 14 percent from the preceding year. The combined annual repayment rate was 10 percent of the amount outstanding on January 1, 1964, down slightly from 10.3 percent in 1963.

RURAL LANDOWNERS IN SOUTHEAST
Are Predominantly White

Of the 1.3 million individuals who owned rural land in the Southeast (Alabama, Florida, Georgia, North Carolina, South Carolina, Tennessee, and Virginia) in 1960, about 12 percent, or 160,000, were nonwhite (mostly Negroes). This group owned about 8 million acres, 7 percent of all rural land owned by individuals in the Southeast.

The fact that nonwhites were 12 percent of all landowners but owned less than 7 percent of the land indicates that they held smaller acreages, on the average, than whites. The average parcel of land held by white owners was 95 acres, nearly twice the size of the average nonwhite tract of 50 acres. Landholdings for investment, such as commercial forest or rural land owned by business or professional people, were largely held by whites, whereas nonwhites tended to hold land either for farming or for rural housing.

Most of the landowners in the Southeast were farmers—full time, part time, or retired. Nearly three-fourths of them had acquired land by purchase; about two-fifths had obtained land through gifts or inheritance. A small number reported acquiring land in a variety of other ways—through foreclosures, divorce settlements, exchanges, and assumption of tax liability. (The proportions total more than 100 percent because many owners acquired land by more than one method.)

More than three-fourths of the white owners had first acquired land before they were 45 years old. These owners held 83 percent of the white-owned land, indicating that they had acquired somewhat larger holdings, on the average, than those who began acquiring land at a later age. Only about 1 percent of the white owners had obtained any land for the first time after age 65.

Nonwhites were, on the average, older than whites at the time of initial land ownership. A third were 45 years old or older and about 4 percent were 65 or older. And nonwhites who acquired land early in life didn't hold much more land than those who bought at a later age. (More than a third of the nonwhite landowners were 65 or older in 1960, compared with a fourth of the whites in that age group.)

Nearly a third of the nonwhite owners held land in partnership, estate, or other multiple-ownership arrangement. This group owned only a fifth of all nonwhite land. In contrast, less than 16 percent of the white owners held land in multiple-ownership, and they held it about in proportion to their numbers.

Nonwhite owners of retirement age held more than two-fifths of the nonwhite-owned land while whites 65 and over held only a third of the white-owned land.

Robert F. Boxley, Jr.
Economic Research Service

STATE-OWNED LAND

Some States are large landowners. Among the largest are New Mexico with 10.9 million acres, Arizona with 9.2 million, Alabama with 6.8 million, Montana with 5.3 million, and Minnesota with 5.1 million.

In the State-owned land as a percentage of the total land area in the States category, Hawaii is the leader. Over 37 percent of Hawaii's land area is owned by the State. New Mexico comes along next with 14 percent, followed by Arizona with nearly 13 percent, Michigan with close to 12 percent, and Pennsylvania and New York, both with between 10 and 11 percent.

The States' share of total land area for the United States as a whole (50 States) is only 3.7 percent (the actual acreage is about 84.8 million). And much of the State-owned land (26.5 million acres) is in parks and related recreational areas, State forests, wildlife reserves, institutional sites, and other special uses for the benefit of the public. Additional land (58.3 million acres) is largely leased or available for lease to private individuals or firms for grazing, forestry, and farming.

Since some State-owned land is dual-purpose, the actual total acreage used for farming, grazing, and forestry in the 50 States is 64.4 million acres.

LUNCH: KIDS' FAVORITE SUBJECT

Being a father and a farmer at the same time may be somewhat of a paradox. The kids eat you out of house and home and yet because they and others like them do like to eat, a considerable market is created in schools for the food you help to produce.

As a matter of fact, those school lunches most kids put away added up to $1 billion worth of food in just one school year (1962–63). Foods with a wholesale value of $929 million moved through lunchrooms in about 66,000 public grade and high schools while another $77 million worth was used in roughly 6,500 private schools.

The public school food market more than doubled from 1957–58 to 1962–63. The food used by public school lunchrooms 5 years ago was worth $597 million at wholesale. Wholesale food prices rose about 6 percent during the period so most of the gain was in expansion of the market.

Around $780 million of the $1 billion spent for food by schools during 1962–63 came from commercial sources. Commercial food purchases by public schools had increased more than 40 percent from 1957–58. The remaining food was donated by USDA and although the value of the donations had increased, commercial sources supplied almost 80 percent of the total in 1962–63.

The biggest share of school food is milk and milk products, excluding butter. Fluid milk or milk products accounted for 34 cents of each dollar's worth of food purchased or donated for schools during 1962–63. The total value was $370 million. Meat, poultry, and fish, as a group, were worth almost $200 million, or 21 cents of the school food dollar. Fruits and vegetables—fresh, canned, frozen, and dried—made up the third largest category and accounted for 14 cents.

It's interesting to note that schools under the National School Lunch Program reported higher per student use of foods than schools operating lunch service outside the program. Schools participating in both the National School Lunch and the Special Milk Programs had higher per pupil use of milk than schools in only one or none of the Federal programs.

If school participation in the NSLP continues as reported currently, lunch service will be available to about 39 million students this year and perhaps 45 million by 1975. The latter figure would be a fourth more than in 1962.

Martin Kriesberg
Economic Research Service

Does Milk Make Math Bearable?

A half-pint isn't much milk. But multiply that half-pint times the number of school kids that drink it at least once a day during the school year, and that's a lot of milk.

During the 1962–63 school year, for example, milk was available to 43.7 million scholars in 96,000 public and private elementary and secondary schools. Nearly 41 million were in schools affiliated with either the National School Lunch Program or the Special Milk Program or both. The milk used in schools accounted for about 5 percent of the milk and cream sold at wholesale.

The milk drunk by youngsters in public grade and high schools with lunchrooms during 1962–63 was valued at $285 million (wholesale). In 1957–58, whole milk used in such schools was worth $192 million. Since there was little change in wholesale prices between the two years, the gain in value means there was a rise in milk consumption per pupil.

Most of the school milk is drunk at lunchtime. About 45 percent accompanies plate lunches offered under the National School Lunch Program. An additional 37 percent is used by pupils not eating the plate lunches and 8 percent is served at lunch and at other times in schools having lunch service outside the program. The remaining 10 percent is served in schools where no lunch service is offered.

FARM PRICES FOR BROILERS
May Be Headed for Trouble in Near Future

The storm warnings are out for broilers again. Demand has been expanding and prices each month since mid-1964 have been equal to or above a year earlier. As a result, growers have been rapidly stepping-up production.

From July 1964 through July 1965, prices growers received for broilers averaged 14.9 cents per pound, 0.8 cent more than in the same 13-month period in 1963–64.

Domestic demand for broilers is increasing because of a 1.4 percent gain in population, a 5 percent rise in per capita income after taxes, and sharply higher red meat prices during the last 6 months. (Beef cattle prices in July averaged $21.20 per 100 pounds, up $3.10 from July 1964; prices for hogs were $23.10, up $5.10.)

The recent gain in broiler production is indicated by the figures on slaughter. The number of broilers slaughtered in federally inspected plants was up about 4 percent from a year earlier in April–June after a 3-percent gain in January–March and 2-percent increases in the third and fourth quarters of 1964.

Right now, broiler production is exceeding a year ago by an even wider margin than in the second quarter. Chick placements in 23 States in the 13 weeks ended July 31 were 11 percent above last year. Third quarter slaughter is mostly from these birds.

Fourth quarter broiler output probably will also be up by a substantial margin. But the prospects for continued strong demand aren't likely to be enough to carry such a large increase in production. As a result, broiler prices in August and September are likely to be a little under 1964's third quarter average of 14.7 cents and those in the fourth quarter may drop below last year's 14.2 cents.

In addition to the current surge in output, more favorable prices have also encouraged placement of large numbers of pullet chicks in broiler hatchery supply flocks. This will influence the level of broiler production in 1966. February–May placements were 19 percent above those in the same months of 1964; June placements were the same as a year earlier. The number of layers in broiler breeding flocks was indicated in June to be about 9 percent less than in June 1964. But with the new chicks coming in, layer numbers are likely to climb 12 percent above a year earlier by January 1966.

Buildups in supply flocks in the past have been followed by prolonged periods of extremely depressed prices for hatching eggs, broiler chicks, and broilers. Once investments in breeder flocks have been made, broiler firms become "locked in." Particularly when broiler hatching egg supply flocks are near a peak in expansion, firms tend to maintain production despite depressed prices. As prices drop, they may go so low they only cover variable costs—mainly feed. But broiler firms are reluctant to reduce output because they want to retain their market.

Herman Bluestone
Economic Research Service

Menu-Maker . . .

The average homemaker serves chicken pretty often (roughly two-thirds prepare it at least once a week, according to a recent SRS survey) and she's pretty particular about the broilers and fryers she buys. The characteristics that most of the homemakers in the survey looked for in the birds they bought were: Well-cleaned; no bruises or discolorations; sized to suit them; Government-inspected; no pinfeathers; and plumpness.

Homemakers reported that most members of their families were satisfied with the number of times chicken was served. But by age group, the young folks, particularly pre-teens, wanted chicken more often—their fathers preferred it less frequently.

LATIN AMERICAN DEVELOPMENT
Is Key to Growth in Hemisphere Trade

Now that we've entered the space age, Americans are more inclined to think "international." And with agricultural exports increasing at a rapid rate, farmers are also looking beyond the borders of this country and thinking in terms of world markets.

Some of our major world customers aren't really very far from home—the Western Hemisphere nations, particularly Canada, now receive a fifth of all our farm product shipments. In 1963, these goods were worth more than $1 billion, and the Western Hemisphere market is slated for considerable growth in the years ahead.

Most important of the products we ship to our neighbor nations are wheat and flour, fruits and preparations, corn, vegetables and preparations, oilseeds, dairy products, cotton, meat and meat products, fats and oils, rice, and tobacco. Much of the wheat and flour, dried milk, cotton, and vegetable oils are sent under Government programs.

Canada has always been a major importer of U.S. farm products and will likely remain the dominant Hemisphere market in the future. But despite the weaknesses of the recent past, the Latin American countries have the greatest potential for expansion of U.S. food imports. The indications are based on an upsurge in demand for food, little net gain in local farm output, and continuation of the Food for Peace Program.

The problems that beset Latin Americans are several: Inflation; balance of payments deficits; faltering economic growth; and political instability. But the Alliance for Progress is already beginning to turn the tide in economic development and the political structure of many Latin American nations seems to be firming up compared with 5 to 10 years ago.

The chief factor in demand for food is population. Population in the Western Hemisphere was estimated at 244 million as of mid-1963. From 1950 to 1960, the rate of increase in the population of the Western Hemisphere averaged 2.8 percent annually. The future growth rate has been projected over 3.0 percent.

Per capita incomes in different parts of the Western Hemisphere are quite a contrast—from $1,482 in Canada to $255 in Latin America (1960–62 average). Changes in Latin American income levels have been very irregular since 1950, but thanks to the Alliance for Progress and other development programs even more improvement is expected in the remainder of the sixties.

James J. Naive
Gae A. Bennett
Economic Research Service

CALORIE COUNTDOWN

"The song is over but the melody lingers on." That's how it is with Khrushchev's threat to "bury" us. Perhaps we still remember it because we weren't sure what he had in mind. One possibility we can readily eliminate is that he'll use food to bury us. Although people in the Communist Bloc countries are adequately fed by world standards, their diets are heavy on grain and potatoes and light on milk, meat, fish, and eggs.

With the information available, researchers have been able to estimate the average calories consumed per person per day during 1959–61 in each of the eight East European nations.

East Germany averaged 3,040 calories—not the highest in number but the best in terms of quality. But nearly half of them were in cereal products, potatoes, and pulses. Only a fifth of the total was protein.

Total caloric intake in the other seven countries—Poland, Czechoslovakia, Soviet Union, Bulgaria, Yugoslavia, Hungary, and Rumania—was within 200 points of the average for East Germany. But diets in the remaining countries were even more deficient in protein.

Americans averaged 3,910 calories per day during 1959–61. Over 30 percent of our diet was animal protein. Potatoes and cereals were only 3 percent.

AG EXPORTS BOLSTER BALANCE OF PAYMENTS

A great deal of concern has been expressed over the U.S. balance-of-payments situation during the past year. The concern is due to the dollar drain resulting from private investment abroad, cold war expenses, and travel by U.S. citizens in other countries.

American farmers are playing a very important role in the balance-of-payments problem. U.S. farm exports are helping to stem the balance-of-payments tide. During 1964, agricultural exports from this country reached a record value of $6.3 billion. They were 31 percent higher than the $4.8 billion shipped abroad during 1960. And even more important, most of the gain was in commercial sales—roughly 75 percent of our farm exports were sold for dollars in 1964.

Although the remaining fourth of our farm exports are shipped under Government programs, they still are on the plus side for us. These exports are sent under the Food-for-Peace Program, principally Public Law 480. Such shipments were valued at $1.8 billion in 1964. U.S. uses of foreign currencies received for title I shipments, barter procurement of goods and services for other U.S. agencies and title IV dollar repayments amounted to $327 million.

An estimated $208 million of the foreign currency was used to pay embassy expenses, military outlays for our bases overseas, and the costs of developing foreign markets for more of our agricultural products.

The barter program also helped us avoid spending additional dollars abroad. Under this part of the Public Law 480 Program, U.S. farm products are exchanged for various materials we need such as military post exchange supplies, petroleum, and jute bags, and services such as the modification of foreign-based aircraft and the repair of our ships. In 1964, the United States saved $113 million in this way.

The long-term dollar credit program (title IV) is beginning to give some balance-of-payments assistance, too, and will provide more as time goes by. Almost $200 million worth of farm products have been sold on credit thus far, and $6 million in interest and payments was received during 1964.

Robert L. Tontz,
Harry W. Henderson,
and McGehee H. Spears
Economic Research Service
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Naval Stores Rarely Go to Sea Anymore

Two of the more unusual products that SRS reports on are turpentine and rosin. Historically used for calking ships and treating rigging, very little of the current output of the two products is used for that purpose. But the name "naval stores" still remains.

During the 1964–65 season (April 1–March 31), production of all types of turpentine totaled 677,510 barrels, up less than 1 percent from the preceding year. An increase in sulphate output more than offset a decrease in gum. Of the total turpentine output, 18 percent was gum, 23 percent steam distilled, and 59 percent sulphate.

Output of all kinds of rosin last year was 2,015,010 drums, down 3 percent from 1963–64. A larger proportion of 1964–65 output was tall oil rosin; both gum and steam distilled declined.

More than 98 percent—485,880 barrels—of total 1964–65 turpentine consumption was used by the chemical industry. Manufacturers of paint, varnish, and lacquer used 3,600 barrels.

The paper and paper size industry, the largest outlet for rosin, consumed 552,510 drums last season. The chemical industry was close behind with 523,350 drums, largely modified or upgraded rosin. In addition, 233,480 drums were used for ester gum and synthetic resins, used in protective coatings.

Future EEC Trade?

During the past 7 years, probably all the major farm magazines and most major newspapers in the country have carried at least one article on the European Economic Community and the effect it will have, or is having, on U.S. trade with member countries (currently West Germany, France, Italy, the Netherlands, and Belgium-Luxembourg).

But despite all the publicity, a good many people still wonder why all the concern. The answer is that the EEC countries are a major market for U.S. farm exports.

It is still rather early to say just what the full impact of the EEC will be on U.S. trade. Since January 1, 1958, the member countries have been moving toward the integration of their economies by gradually lowering internal trade barriers and adopting common external tariffs. This period of transition is scheduled to last until 1970. So, all we can do at this point is take a look at what has happened to our trade volume with the EEC since 1957 and perhaps from that, get an idea of what the future may bring.

Nonagricultural exports have long been the largest share of our trade with the EEC. During 1964, they were 68 percent of our total exports to member Nations. Over the past 8 years, U.S. trade with the EEC has been rising. Nonagricultural exports rose 49 percent from 1957 to 1964 while agricultural exports increased 30 percent.

Nevertheless, the EEC is the best world customer we have for our farm products. During 1957–64, member countries took a fifth of total U.S. farm exports. Our most popular products in the EEC countries are feed grains, soybeans, cotton, tobacco, fruits, and vegetables. During 1964, EEC countries imported more than a third of our total feed grain and soybean shipments. And feed grains were nearly a fourth of total U.S. farm exports to the member Nations. Shipments of feed grains and soybeans to these countries increased sharply from 1957 to 1964; tobacco, fruits, and vegetables also rose.

Jane R. Turns
Economic Research Service

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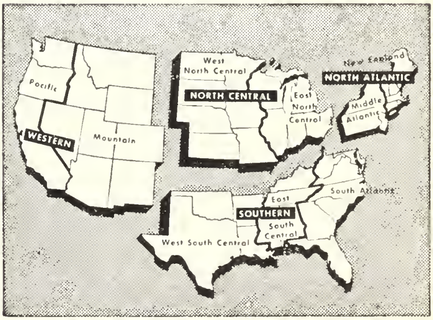

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